

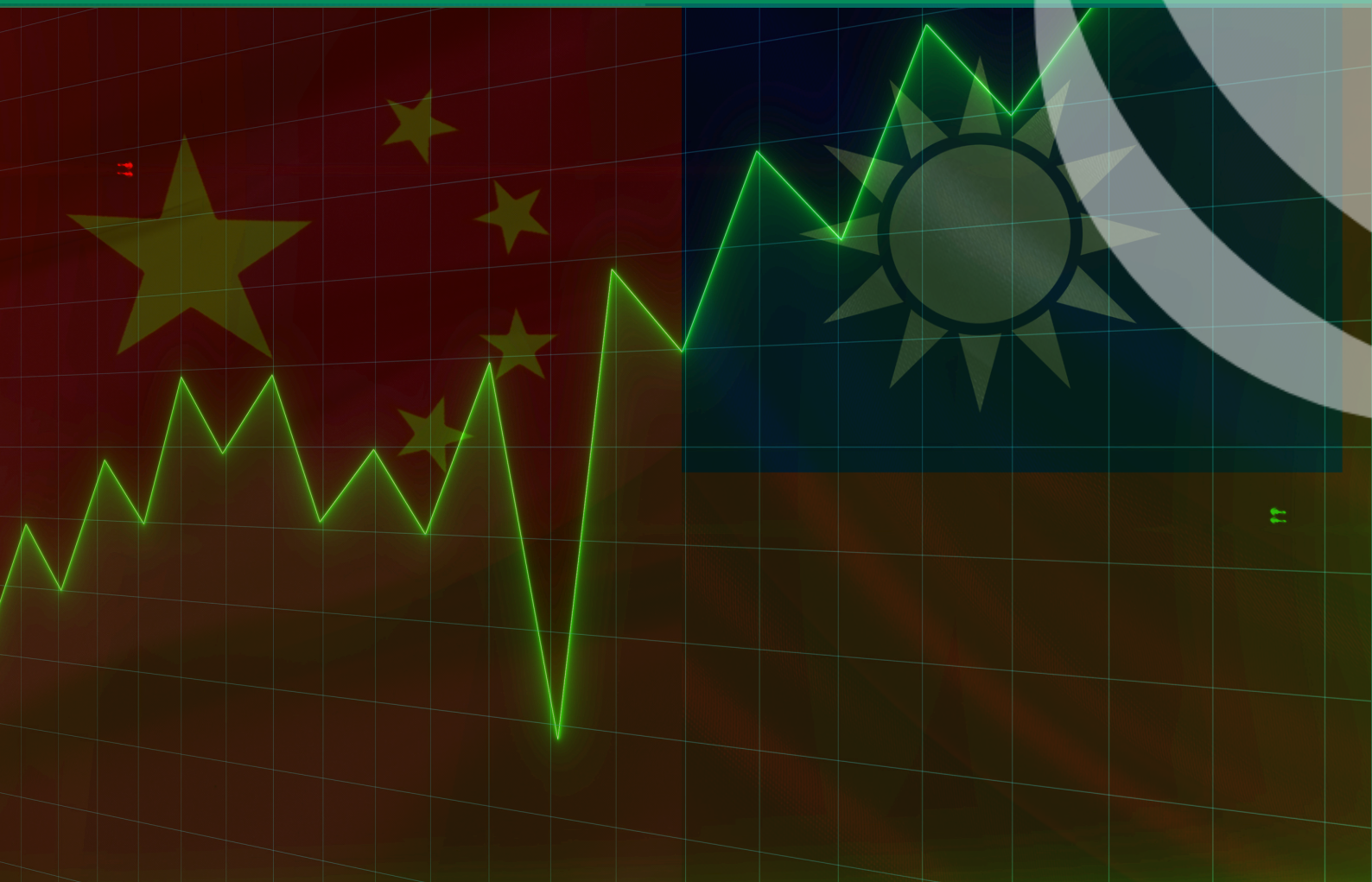


January 15, 2025

An analysis of China–Taiwan Tensions as illustrated by “DiploMatrix” tracking methodology

Authors:

Pauline Geyer & François Issard



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About the Sparker, Pauline Geyer

Pauline Geyer is currently pursuing a dual master's degree in International Security at Sciences Po Paris and International Relations at Peking University China. She holds a Bachelor of Arts in International Relations and Social Sciences from the University of Erfurt in Germany. Her interest in Asian politics was shaped by a gap year in Malaysia, studies at National Chengchi University in Taiwan, as well as internship and research roles at the Taiwan Center for Security Studies and Asia Centre. She is part of the Asia Sparks Research Coaching Program, working to broaden her understanding of Asia and refine her research expertise.

About the Coach, François Issard

François Issard has a Master in Geosciences and an Engineering degree from the French Petroleum Institute (ENSPM). Forty years of exposure to technical, operational and executive positions in the Oil and Gas industry in Africa, Europe, the United States and China (where he spent 18 years) have given him in-depth knowledge of World Energy Balance matters and now Energy Transition related issues, in particular as they pertain to Asia and EU regions, an expertise which he is now developing as an International Consultant and an Executive Member of Asia Centre.



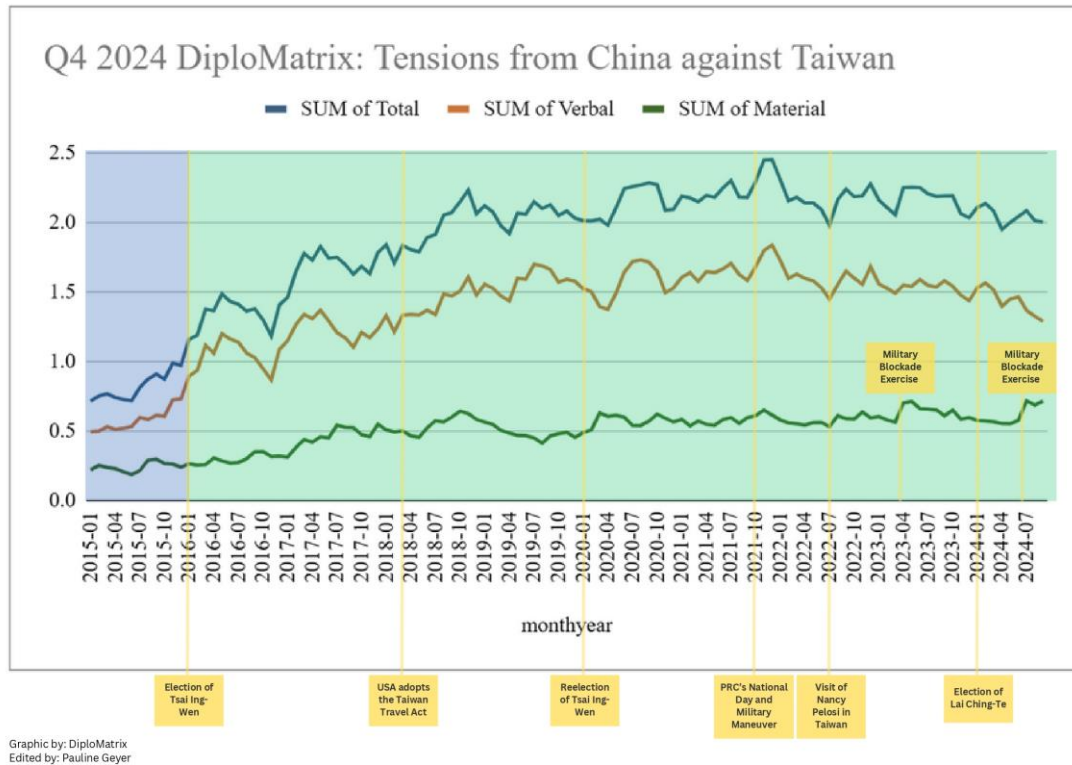
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An analysis of China-Taiwan tensions as illustrated by “DiploMatrix” tracking methodology

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DiploMatrix Graph (Interstate Conflictual Relations Index “ISCRI”):



Summary:

A detailed analysis of DiploMatrix’s bilateral tensions tracking tool illustrates steadily escalating tensions from 2015 to 2020 (the total tension index rises from 0.5 to 2.2-2.3) between China and Taiwan paralleling the ascension of the Democratic People’s Party (DPP) to power in Taipei. While the index is afterwards apparently stabilizing between 2 and 2.5 from 2020 to 2024 despite a notorious increase in Chinese military drills around the Island, the “Material tension” component of the index remains low as compared to other similar inter-state tension indexes in the region (China to Philippines for instance), up from 0.25 to 0.5 (a doubling over 10 years), which can be explained by a strategy shared by both parties to thoroughly avoid any direct confrontation in the air or at sea. The article provides an historical overview of noticeable events illustrating China-Taiwan bilateral relations with a focus on the period 2014-2024 which is the period when the DiploMatrix methodology has been applied in this review.

DiploMatrix results from a research contract between Asia Centre and Skema Business School, specifically with Rodolph Desbordes and Frédéric Munier from the Skema Center for Global Risks.

Historical background:

The history of Taiwan-China relations is deeply rooted in the events of the mid-20th century. In 1949, following the Chinese Civil War, the Communist Party established the People's Republic of China (PRC) on the mainland, while the defeated Nationalist Party (Kuomintang, or KMT) retreated to Taiwan, where they maintained the Republic of China (ROC) government. Both sides claimed to represent all of China, setting the scene for cross-Strait tensions which are enduring until today.

In 1971, the United Nations General Assembly passed Resolution 2758, recognizing the PRC as the sole legitimate representative of China and expelling the ROC from the UN. This marked a major diplomatic setback for Taiwan and solidified the PRC's international standing.¹

In 1979, the United States formally shifted diplomatic recognition from the ROC to the PRC, adhering to Beijing's "One China" policy. However, to preserve its relationship with Taiwan, the United States Congress enacted the Taiwan Relations Act (TRA), which guaranteed continued economic and cultural ties, committed to providing Taiwan with defensive weapons, and underscored the need for a peaceful resolution of Taiwan's status. These events collectively shaped the dynamics of Taiwan-China relations and continue to influence their geopolitical landscape.²

Another remarkable incident to be noted in the "material" (bottom of the ISCRI) context is the 2001 collision of the United States and China in the air. On 1 April 2001, a United States Navy EP-3 surveillance aircraft collided in mid-air with a Chinese Navy J-8 interceptor fighter jet over the South China Sea, about 70 miles from Hainan Island. The Chinese jet was lost at sea as well as its pilot. The EP-3 was forced to conduct an emergency landing on Hainan, where all 24 United States nationals crew members were detained. Chinese authorities stripped the aircraft of classified materials, despite the crew's attempts to destroy sensitive information. After 11 days of intense diplomatic tensions and subsequent negotiations, the crew was released unconditionally, but the aircraft was only returned after being disassembled. This event marks the only known military material collision between China and Taiwan's "alliances".³

China's policy toward Taiwan has demonstrated both continuity and change since Deng Xiaoping shifted the focus from confrontation to negotiation in 1978. The landmark 1979 *Message to Compatriots in Taiwan* laid the foundation for peaceful reunification, urging an end to cross-Strait military tensions and fostering direct transportation, postal services, and business exchanges. Subsequent leaders, including Hu Jintao, upheld this basic framework, emphasizing economic cooperation while opposing formal independence for Taiwan. When Xi Jinping assumed office in 2012, he initially followed this established trajectory. However, a notable shift occurred during his tenure, particularly with the announcement of his "Five Points" policy in 2019 on the occasion of the 40th anniversary of the *Message to Compatriots in Taiwan*. This policy marked a transition from merely opposing Taiwan independence to actively promoting reunification, signalling a more assertive stance. President Xi's approach aligns with his broader vision of national rejuvenation, encapsulated in the "China Dream," which aspires to restore China's historical prominence by achieving modernization by 2035. His Taiwan policy reflects this

¹ Government Portal of the Republic of China (2024): History. Retrieved: https://www.taiwan.gov.tw/content_3.php.

² Office of the Historian (2024): A Guide to the United States' History of Recognition, Diplomatic, and Consular Relations, by Country, since 1776: China. Retrieved: <https://history.state.gov/countries/china#:~:text=On%20January%201979%20the,sole%20legitimate%20government%20of%20China>.

³ Naval History and Heritage Command (2001): EP-3 Collision, Crew Detainment, Release, and Homecoming. Retrieved: <https://www.history.navy.mil/research/archives/Collections/ncdu-det-206/2001/ep-3-collision--crew-detainment-and-homecoming.html>.

ambition, integrating the issue into China's overarching national goals. This recalibrated policy illustrates a strategic blend of historical continuity and a proactive push toward reunification, making Taiwan an essential component of China's broader quest for global influence and national revitalization.⁴

On the Taiwan Island, politics developed separately from Mainland China. From 1949 until 2016 the Kuomintang (KMT) was the ruling party in Taiwan (marked blue in the graph background), advocating for closer economic and political ties with China, promoting cross-strait dialogue and stability, under a framework that recognizes the One-China policy. This KMT policy aimed to reduce tensions by fostering economic cooperation, as seen during the Ma Ying-jeou administration in 2008-2016. Since 2016 onwards the Democratic People's Party (DPP) has been ruling Taiwan (marked green in the graph), significantly changing the Taiwanese foreign policy and stance towards China. In contrast to the KMT, the DPP, especially under the leadership of Tsai Ing-wen, took a more assertive stance on Taiwan's sovereignty, emphasizing Taiwan's distinct identity and resisting any framework that would even indirectly imply the One-China policy. The DPP is generally more supportive of the concept of Taiwan's independence, prioritizing international alliances and bolstering Taiwan's defence capabilities.⁵ With President Lai newly elected in 2024, the quest for independence within the DPP and Taiwan grew even further, which generated harsh critics from the KMT.⁶ These variations in leaderships' attitude explain the variations in tensions between China and Taiwan from 2014-2016 and from 2016 until today, hence the related variations which can be observed on the ISCRI graph.

China-Taiwan Tensions from 2014-2015 (DiploMatrix graph starts):

In **2014**, tensions between Taiwan and China became more obvious during the Sunflower Movement in March and April. Thousands of Taiwanese students and citizens occupied Taiwan's parliament to protest a proposed trade agreement with China, fearing that it would increase China's influence over the island. This protest marked a significant moment in Taiwanese civil society, as it publicly demonstrated for the first time the public's growing unease with closer connections to China.⁷ Later in the year, in November 2014, Taiwan's regional elections saw a decisive victory for the opposition DPP, interpreted as a strong rejection to the ruling KMT party's policy of rapprochement with China.⁸ These events signalled a definite shift in Taiwanese public opinion, with increasing scepticism toward China-friendly policies.



The following year, in **2015**, a historic event took place: for the first time since the end of the Chinese Civil War in 1949 the leaders of Taiwan and China met. This meeting between Chinese President Xi Jinping and Taiwanese President Ma Ying-jeou in Singapore, was largely symbolic. No concrete agreements were made, but the minute-long, heavily televised handshake of the leaders made history. While it represented an attempt to ease tensions and foster dialogue, the least we can say is that the meeting was met with mixed reactions in Taiwan and the world.⁹

⁴ Liao H.-C. (2024): An Interpretation of Xi's Taiwan Policy- and Taiwan's Response. Retrieved: <https://media.defense.gov/2021/Mar/31/2002611832/-1/-1/1/6-LIAO%20FOR%20PDF.PDF>

⁵ Eleanor A. (2016): China-Taiwan Relations. CFR Backgrounders. Council on Foreign Relations.

⁶ Shih Hsiao-kuang and Esme Yeh (2024): The KMT supports unification and Lai is 'naive,' Ma says. Taipei Times. Retrieved: <https://www.taipeitimes.com/News/taiwan/archives/2024/07/14/2003820786>.

⁷ Taiwan Policy Center (2024): Taiwan Timeline. Retrieved: <https://taiwanpolicycentre.com/research/timeline/>.

⁸ Southerland M., Rosier K. (2014): Taiwan's 2014 Local Elections: Implications for Cross-Strait Relations. U.S.-China Economic and Security Review Commission Staff Report. p.2

⁹ The Guardian (2015): Leaders of China and Taiwan meet for first time in nearly seven decades. Retrieved: <https://www.theguardian.com/world/2015/nov/07/chinas-xi-jinping-and-taiwans-ma-ying-jeou-shake-hands-in-historic-meeting>.

China-Taiwan tensions from 2016-today:

In **2016**, a significant shift in cross-strait relations occurred with the election of Tsai Ing-wen from the DPP as President. Tsai Ing-wen's victory was perceived by China as an unacceptable development, as the DPP's political platform was traditionally advocating for Taiwan's independence. Shortly after the inauguration, China severed official communication channels with Taiwan when the Tsai administration made clear to that she would not bend to China's insistence to subscribe to the One-China policy and to the so-called "1992 Consensus"¹⁰. Also in that year, the World Health Organization blocked Taiwan's observer participation under China's pressure following the election of Tsai Ing-wen.¹¹ These developments definitely marked the beginning of a new era in Taiwanese Chinese relations, with increasing reciprocal distrust and diplomatic isolation for Taiwan.

The situation escalated further in **2017**, as China started to ramp up military exercises near Taiwan. This show of force included deploying fighter jets and aircraft carriers through the Taiwan Strait, in a clear message of threat to Tsai's government. Additionally, China increased its presence in the South China Sea causing territorial disputes not only with Taiwan but with other countries in the region.¹² At the same time, Panama decided to terminate ties with Taiwan and to start diplomatic ties with China¹³ instead. Meanwhile Taiwan sought to deepen ties with Japan. The signing of a Memorandum of Understanding (MOU) between Japan and Taiwan allows ships or coast guards from both sides to approach and operate near the Okinotori-Shima atoll in the event of an emergency. Due to the disputed status of the atoll between China and Japan, and for Japan, its significance in terms of EEZ extension in the Pacific, the agreement constituted a breakthrough of sorts, this growing partnership with Japan being a demonstration of Taiwan's renewed efforts to fortify its international relationships outside China's sphere of influence.¹⁴

In **2018**, China solidified its stance further by amending its constitution, allowing Xi Jinping to potentially serve as president indefinitely, strengthening his grip on power.¹⁵ This was followed by the U.S. Congress passing the Taiwan Travel Act, which encouraged official communication between the U.S. and Taiwan.¹⁶ Also in that year, Taiwan lost more diplomatic allies, as the Dominican Republic¹⁷ and Burkina Faso switched alliance to China. In response, Taiwan resumed its efforts to maintain relationships with its few remaining allies, such as Eswatini, which continued to recognize Taipei despite constant pressure from Beijing.¹⁸

¹⁰ Schubert G., Lee C.Y. (2022): Taiwan During the First Administration of Tsai Ing-wen. Routledge, New York. p.5.

¹¹ Chen Y. C., Choen J. A. (2020): Why Does the WHO Exclude Taiwan?. Council on Foreign Relations. Retrieved: <https://www.cfr.org/in-brief/why-does-who-exclude-taiwan>.

¹² Minister of National Defense republic of China (2017): Taiwan National Defense Report 2017.

¹³ Ministry of Foreign Affairs Republic of China (2017): The ROC government has terminated diplomatic relations with Panama with immediate effect to uphold national dignity. Retrieved: https://en.mofa.gov.tw/News_Content.aspx?n=1EADDCFD4C6EC567&s=CF11CEBE98E46573.

¹⁴ Swanström N., Heck L. (2019): Taiwan-Japan (Unofficial) Relations: In a Sea of Troubles. Institute for Security and Development Policy. Retrieved: <https://www.isdp.eu/publication/taiwan-japan-unofficial-relations-sea-troubles/>.

¹⁵ Pankaj E. (2020): Xi Jinping and Constitutional Revisions in China. Institute for Security and Development Policy. Retrieved: <https://www.isdp.eu/publication/xi-jinping-and-constitutional-revisions-in-china/>

¹⁶ 115th US Congress (2018): An act to encourage visits between the United States and Taiwan at all levels, and for other purposes. Public Law 115-135- Mar.16,2018. House - Foreign Affairs | Senate - Foreign Relations. Retrieved: <https://www.congress.gov/bill/115th-congress/house-bill/535/text>.

¹⁷ Ellis E. (2023): The Evolution of Chinese Engagement with the Dominican Republic. Center for Strategic & International Studies. Retrieved: <https://www.csis.org/analysis/evolution-chinese-engagement-dominican-republic>.

¹⁸ Institute for security Studies (2018): Taiwan has lost all its friends in Africa – except eSwatini. Institute for Security Studies. Retrieved: <https://issafrica.org/iss-today/taiwan-has-lost-all-its-friends-in-africa-except-eswatini>.

By **2019**, the tension had reached a new intensity. In January, Xi Jinping delivered a speech emphasizing the goal of reunification with Taiwan, explicitly stating that military force remained an option if Taiwan pursued independence.¹⁹ In 2019 China also banned tourist visits of Chinese citizens to Taiwan, which led to a significant reduction of personal interaction between people of both sides. Furthermore, it became harder for Taiwanese to enter China and pursue studies or business there. China decided for a separation of people and imposed lesser interaction between both sides.²⁰ Later in the year, Taiwan secured a major arms deal with the United States, valued at \$2.2 billion, which included advanced weaponry aimed at bolstering its defence capabilities. China perceived this deal as a direct challenge to its claim over Taiwan, further straining the already fragile relationship.²¹

In **2020**, despite China's interferences and hopes, Tsai Ing-wen was re-elected, a victory that reinforced her administration's mandate to resist the One-China policy.²² And brutally, the COVID-19 pandemic struck, during which Taiwan's swift and effective response garnered international praise. However, China blocked Taiwan's participation in the World Health Organization, intensifying the divide.²³ That September, a high-profile visit by a Czech delegation to Taiwan further strained Taiwan-China relations, as it exemplified a new trend of developing European connections to Taiwan.²⁴

The beginning of the Biden administration in **2021** saw a continuation of U.S. support for Taiwan, much to China's disapproval.²⁵ European nations, including Lithuania, showed growing support by enhancing ties with Taiwan, and the European Parliament passed resolutions emphasizing collaboration on democracy and technology.²⁶ China marked the centenary of the Chinese Communist Party with grand celebrations and reiterated its commitment to the reunification of Taiwan.²⁷ In October, when China marked its national day, extensive manoeuvres were conducted with almost 150 aircrafts entering Taiwan's air defence zone, raising international concerns about the potential for a military conflict.²⁸

Tensions continued in **2022** with a visit by U.S. House Speaker Nancy Pelosi to Taiwan, a move that provoked an intense reaction from China.²⁹ China conducted large-scale military exercises around

¹⁹ Xi J. (2019): Working Together to Realize Rejuvenation of the Chinese Nation and Advance China's Peaceful Reunification. Speech at the Meeting Marking the 40th Anniversary of the Issuance of the Message to Compatriots in Taiwan. Retrieved: http://www.gwytb.gov.cn/wyly/201904/t20190412_12155687.htm.

²⁰ The Diplomat (2024): When Will Cross-Strait Tourism Return to Normal? Retrieved: <https://thediplomat.com/2024/01/when-will-cross-strait-tourism-return-to-normal/>

²¹ The Guardian (2019): US approves potential sale of \$2.2bn in arms to Taiwan, stoking China's anger. Retrieved: <https://www.theguardian.com/world/2019/jul/09/us-approves-potential-sale-of-22bn-in-arms-to-taiwan-stoking-chinas-anger>.

²² MERICS (2020): Praised by the West, rejected by China: Tsai Ing-wen re-elected in Taiwan. China Update 1/2020. Retrieved: <https://merics.org/en/praised-west-rejected-china-tsai-ing-wen-re-elected-taiwan>.

²³ Chen Y. C., Choen J. A. (2020): Why Does the WHO Exclude Taiwan?. Council on Foreign Relations. Retrieved: <https://www.cfr.org/in-brief/why-does-who-exclude-taiwan>.

²⁴ Czech Taiwanese Business Chamber (2020): TAIWANCZ BUSINESS LEVELUP 2020. Retrieved: <https://taiwanchamber.cz/taiwancz2020>.

²⁵ RAND (2021): Biden Administration Shows Unwavering Support for Taiwan. RAND Objective Analysis Effective Solutions. Retrieved: <https://www.rand.org/pubs/commentary/2021/10/biden-administration-shows-unwavering-support-for-taiwan.html>.

²⁶ European Parliament (2021): EU-Taiwan political relations and cooperation. Retrieved: https://www.europarl.europa.eu/doceo/document/TA-9-2021-0431_EN.html.

²⁷ International Institute for Strategic Studies (2021): The centenary of the Chinese Communist Party. Retrieved: <https://www.iiss.org/publications/strategic-comments/2021/the-centenary-of-the-chinese-communist-party/>.

²⁸ Blanchard B., Lee Y. (2021): China mounts largest incursion yet near Taiwan, blames U.S. for tensions. Reuters. Retrieved: <https://www.reuters.com/world/asia-pacific/taiwan-reports-surge-chinese-aircraft-defence-zone-2021-10-04/>.

²⁹ Center for Strategic and International Studies (2022): Speaker Pelosi's Taiwan Visit: Implications for the Indo-Pacific. Retrieved: <https://www.csis.org/analysis/speaker-pelosis-taiwan-visit-implications-indo-pacific>.

Taiwan, marking a new level of military intimidation.³⁰ The year concluded with Taiwan's efforts to deepen trade ties with Australia and New Zealand to diversify and increase the number of its economic alliances.³¹

By 2023, Taiwan's challenges persisted on the diplomatic front, as Honduras established formal ties with China in March, breaking its relation to Taiwan.³² That year Taiwan responded by fostering research and technology cooperations with several countries. Taiwan and South Korea signed a technology partnership agreement, underscoring Taiwan's strategic importance in the global semiconductor industry.³³ Furthermore, the German Minister for Education and Science visited Taiwan and established next research cooperation projects. As the first German minister to visit Taiwan in 25 years, Chinese critique followed promptly.³⁴ China's military conducted high intensity drills near Taiwan, simulating blockades and attacks, intended as a show of force in response to the growing international support for Taiwan.³⁵

Finally, in 2024, the election of William Lai Ching-Te as President, a DPP candidate with a notoriously pro-independence stance, signalled Taiwan's sustained resistance to China's pressures. As a matter of fact, following this election, China conducted intensified military exercises, including amphibious and joint air-sea operations near Taiwan, demonstrating PLA's readiness for a potential conflict.³⁶ In his National Day speech of May 2024, President Lai Ching-te reaffirmed that the ROC and PRC were not subordinate to each other, emphasizing Taiwan's thriving democracy and freedom. This marked a clear rift between Taiwan and China, as well as the ROC and PRC. The speech, while firm in certain aspects, sought to please all sides, including a certain level of goodwill, emphasized the importance of dialogue and therefore tried to prevent any reason for Beijing to overreact.³⁷ However, the passing of China's "Anti-Secession Law" - which unilaterally claims Taiwan as part of China and permits non-peaceful measures for unification - ignored Lai's last efforts to soften the relation. In June 2024, China invoked this law to justify new criminal guidelines targeting "Taiwan independence" advocates. These guidelines, issued by top judicial and security bodies, allow trials in absentia and detail procedures for convicting and sentencing alleged separatists, providing judicial guidance for such cases.³⁸ China maintained psychological and diplomatic pressure on Taiwan, persuading Nauru to switch its diplomatic recognition

³⁰ Doston J. (2022): An Overview of Chinese Military Activity Near Taiwan in Early August 2022, Part 2: Aviation Activity, and Naval and Ground Force Exercises. Global Taiwan Institute. Retrieved:

<https://globaltaiwan.org/2022/09/an-overview-of-chinese-military-activity-near-taiwan-in-early-august-2022-part-2-aviation-activity-and-naval-and-ground-force-exercises/>.

³¹ Department of Regulatory Reform Republic of China (2022): The Australian and New Zealand Chamber of Commerce in Taiwan issues the 2022 Discussion Paper. Retrieved: https://www.ndc.gov.tw/en/nc_8455_36467.

³² Zhou Q., Interesse G. (2023): China and Honduras Establish Diplomatic Relations (updated). China Briefing. Retrieved: <https://www.china-briefing.com/news/china-and-honduras-establish-diplomatic-relations/>.

³³ Hsiao R. (2023): Taiwan and South Korea Enhancing Their Engagement as Chinese Aggression Intensifies. Global Taiwan Institute. Retrieved: <https://globaltaiwan.org/2023/09/taiwan-and-south-korea-enhancing-their-engagement-as-chinese-aggression-intensifies/>.

³⁴ Tagesschau (2023): Deutscher Besuch in Taiwan verärgert China. Retrieved: <https://www.tagesschau.de/ausland/asien/taiwan-stark-watzinger-103.html>.

³⁵ Feng E., Jin C.H. (2023): China is subtly increasing military pressure on Taiwan. Here's how. Retrieved: <https://www.npr.org/2023/12/18/1216317476/china-military-taiwan-air-defense>.

³⁶ United States Institute of Peace (2024): Taiwan's New President Faces Tensions with China and Domestic Division. Retrieved: <https://www.usip.org/publications/2024/06/taiwans-new-president-faces-tensions-china-and-domestic-division>.

³⁷ Focus Taiwan (2024): ANALYSIS/Lai's National Day speech seeks to clarify cross-strait ties: Scholars. Retrieved: <https://focustaiwan.tw/cross-strait/202410100018>

³⁸ Ministry of Justice of the People's Republic of China (2024): China issues judicial guidelines on imposing criminal punishment on diehard 'Taiwan independence' separatists. Retrieved: http://en.moj.gov.cn/2024-06/25/c_998956.htm

from Taipei to Beijing, which reduced Taiwan's official allies to only 12 countries.³⁹ Additionally, China altered civil aviation routes in the Strait, normalizing and controlling flights closer to the island.⁴⁰ In October 2024 China's PLA joint forces once more conducted blockade drills around Taiwan, with the goal of exercising sea-and air-combat readiness patrols and demonstrating its ability to block ports in Taiwan.⁴¹ As a result, in late 2024, the US approved arms sales to Taiwan totalling over \$2.3 billion, including a \$2 billion package in October and \$385 million in November. The deals, covering spare parts for fighter jets and advanced air defence systems war-tested in Ukraine, are set for delivery in 2025, reflecting deepening US-Taiwan military ties despite China's objections.^{42,43} In 2024 also, significant economic developments can be noted. TSMC, Taiwan leading semiconductors manufacturer, revealed its plans to launch a second Japanese plant that will produce advanced 6-nanometer chips⁴⁴, while the company started building a branch in Eastern Germany.⁴⁵

In conclusion:

Illustrated by the variations in the "ISCRI" over the last ten years (2014-2024), China's aggressive policy towards Taiwan appears to be escalating.

In May and October 2024, Beijing conducted large-scale military exercises, mimicking "island scale blockade type" drills for limited duration. Numerically, in May, 19 PLA vessels, 16 coast guard vessels and 49 aircraft were involved; while in October, the drill consisted in 153 Chinese navy and coast guard aircraft and 25 boats, both events associated with some (but still minor) upticks on the DiploMatrix graph.

Compared to previous years, seen from outside, China has undoubtedly and significantly increased its military pressure in 2024, without this marking a noticeable increase in the level of tension illustrated by the DiploMatrix index, which stays in a stabilized range of 2 to 2.5 since 2018 and exhibits far more verbal expression than material tensions. The reason for this is that - despite a steadily increasing deployment of military equipment by the PRC since Tsai Ing-Wen's first election - both parties continue to carefully prevent the risk of a direct physical engagement, a major difference with what is happening for example between China and the Philippines a few hundred miles further south in the South China Sea. The purpose is certainly to avoid an accident of the kind that occurred in April 2001 between China and the United States, as the risk would be high in the current environment of 2024 of a rapid and uncontrolled escalation.

³⁹ Shattuck T. (2024): What Does Nauru's Switch to Beijing Mean for William Lai's Taiwan?. Global Taiwan Institute. Retrieved: <https://globaltaiwan.org/2024/01/what-does-naurus-switch-to-beijing-mean-for-william-lais-taiwan/>.

⁴⁰ Shattuck T. (2024): China's New Civil Flight Routes: Implications for Cross-Strait Stability. Global Taiwan Institute. Retrieved: <https://globaltaiwan.org/2024/03/chinas-new-civil-flight-routes-implications-for-cross-strait-stability/>.

⁴¹ Mai J., Wang A., Wong E., Chung L. (2024): PLA wraps up day of joint force blockade drills around Taiwan. South China Morning Post. Retrieved: <https://www.scmp.com/news/china/military/article/3282219/chinas-pla-launches-blockade-drills-around-taiwan-days-after-speech-islands-leader>.

⁴² CNN (2024): US approves \$2 billion in arms sales to Taiwan including advanced missile defense system. Retrieved: <https://www.cnn.com/2024/10/28/asia/us-arms-sales-taiwan-intl-hnk/index.html>

⁴³ Reuters (2024): US approves \$385 mln arms sale to Taiwan. Retrieved: <https://www.reuters.com/world/us-state-dept-approves-potential-sale-f-16-spare-parts-taiwan-pentagon-says-2024-11-30/>.

⁴⁴ Japan Times (2024): TSMC to build second chipmaking plant in Japan with partners. Retrieved: <https://www.japantimes.co.jp/business/2024/02/07/companies/tsmc-second-japan-plant/#:~:text=The%20second%20chip%20factory%2C%20also,%2C%20Taiwan%2Dbased%20company%20said.>

⁴⁵ Wirtschaftswoche (2024): Chip-Riese: Das TSMC-Großprojekt in Dresden beginnt. Retrieved: <https://www.wiwo.de/technologie/digitale-welt/tsmc-in-dresden-chip-riese-das-tsmc-grossprojekt-in-dresden-beginnt-/29952430.html>.

With these repeated military exercises (which are costly for both sides), China undoubtedly intends to demonstrate its might and push Taiwan into submission, albeit keeping the United States away. This strategy implies a skilful blend of military operations and restraint, which the PRC has been able to display so far.

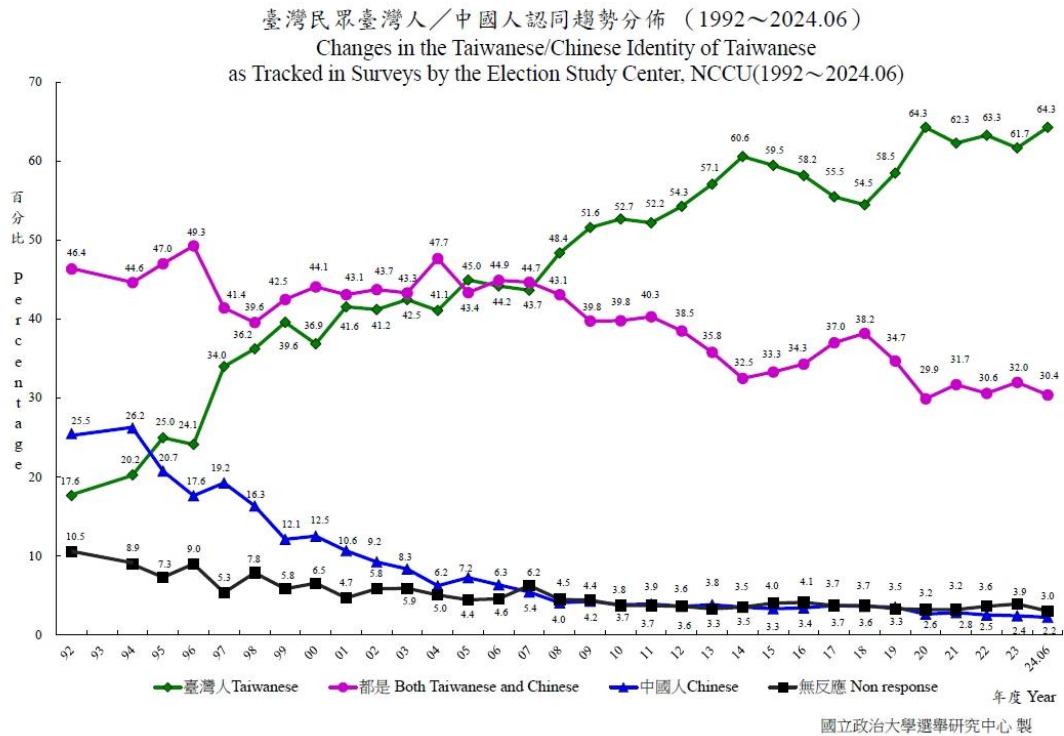
However, it is worth remembering that the United States and Taiwan are bound by law in terms of defence through the 1979 Taiwan Relation Act (TRA) which in short establishes in law the principle of strategic ambiguity: it neither guarantees nor renounces United States military intervention in the event of an attack on Taiwan by the PRC. The concept is that of maintaining the status quo: the United States opposes the unilateral modification of cross-strait relations, thus neither the formal independence of Taiwan nor a military attack by China.

Therefore, unless an unexpected and out of control event from one side or the other (human error?) a significant change in the DiploMatrix indexes and their actual level of materiality is not anticipated at least in the short-term.

Outlook:

The increasing frequency of Chinese military manoeuvres is pushing Taiwan to arm to defend itself. It would probably be enough for China to renounce all use of force for Taiwan to no longer feel the need to arm itself and for the United States the need to supply more weaponry. Interestingly, when China threatens Taiwan almost daily in the official newspapers or in the air and seas, the newspaper *Global Times* recently reports on a new policy of economic rapprochement between the continent and the island through the support of the Chinese province of Fujian: on 29 October 2024, the province unveiled a new set of attractive measures for Taiwanese residents with the objective to deepen the integration between Fujian and Taiwan, which are facing each other across the Strait. Indeed, China continues its practice (a classic on the part of Beijing), that of the carrot and the stick: the stick for the "pro-independentists" and the carrot for the "pro-Chinese".

However, while this policy may seem logical from the Chinese point of view, it has been ineffective so far.



Indeed, decades of threat on the one side and democratic governance on the other have forged a strong sense of unity among the Taiwanese people and their political system. Although most individuals on both sides of the Taiwan Strait speak Mandarin as their primary language, over a century of separation has led a growing number of Taiwanese to develop an independent identity. According to a 2024 survey by National Chengchi University, nearly 64.3 percent of Taiwan’s population now identifies solely as Taiwanese (refer to above Chinese-Taiwanese Identity Graph).⁴⁶ Interestingly, the graph displays the same pattern as the Chinese-Taiwanese Tensions Graph. While the tensions between both sides grew, the Taiwanese identity developed in parallel. So how could the conflict develop?

Looking forward, tensions between Taiwan and China are expected to remain high, especially following the 2024 re-election of the DPP and the presidency of Lai, who will certainly keep fostering the concept of an independent stance for Taiwan.

It is important to acknowledge that Taiwan’s security and political landscape is deeply tied to external factors, including the influence of allies like the United States. The United States continuously supported Taiwan through military aid and defence equipment sales, despite Chinese sanctions on U.S. defence companies and worsening Sino-American tensions. However, political shifts in the United States, such as the upcoming presidency under Donald Trump, could reshape this support, introducing uncertainty in Taiwan’s strategic calculations. Additionally, as more nations switch diplomatic allegiance to Beijing, Taiwan faces further international isolation, including persistent exclusion from key global organizations like the UN and WHO.

Economically, Taiwan grew in importance on the global stage in the past few years. A development which can be traced back to the semi-conductor production success and the growing cooperation with Japan, South Korea, Europe and the United States. The Chinese-Taiwanese Trade Agreements play

⁴⁶ National Chengchi University (2024): Taiwanese / Chinese Identity(1992/06~2024/06) . Retrieved: <https://esc.nccu.edu.tw/PageDoc/Detail?fid=7800&id=6961>

certainly an important role in controlling the intensity and format of the conflictual situation. The high interconnectivity of Chinese and Taiwanese economies makes a full military escalation of the conflict unlikely considering the huge losses implied on both sides.

But there is a steadily heightening risk of more minor escalations. Beijing is likely to continue its pressure campaign, balancing its assertive military tactics and internal interferences and influence activities. Some experts suggest that China might consider a full military blockade as a low-risk alternative to an actual invasion. Such a blockade, practiced as drills in October 2024, could isolate Taiwan economically and logistically, disrupting vital global trade. Other analysts point out that due to Taiwan's high proximity to strategic allies like the U.S., Japan and South Korea, and Taiwan's importance in international trade, a full-scale blockade might cause intense international backlash and unbearable costs for Chinese economy which is not faring extremely well nowadays.

Anyhow, the prospect of year 2027 needs to be kept in mind. It is coinciding with the Chinese People's Liberation Army 100th anniversary and marks a key milestone in President Xi Jinping's vision for China's "Great Rejuvenation." This anniversary is expected to be celebrated with wide displays of military strength, and some analysts believe President Xi may use the occasion to demonstrate China's capability to control Taiwan or at least to show that some clear progress toward reunification has been made.

The next few years will therefore likely be marked by persistent strategic manoeuvring, each side attempting to assert its stance and carefully managing interactions to avoid triggering direct confrontation.